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ORIGINAL

Sheila Stoeller

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From: Kristin Mayes
Sent: Monday, October 17, 2005 5:13 PM
To: Sheila Stoeller
Subject: FW: UNS Gas Surcharge hearing
Importance: High
Attachments: surcharge 10-05.doc

G-04204A-05-0596

S,

This attachment needs to be docketed, as well.

K.

From: tbbflag [mailto:tbbflag@uneedspeed.net]
Sent: Mon 10/17/2005 1:43 PM
To: William Mundell; Jeff Hatch-Miller; Kristin Mayes; Marc Spitzer; Mike Gleason
Subject: UNS Gas Surcharge hearing

Attached please find comments on the hearing tomorrow. While I am not opposing whatever surcharge the Commission decides upon, I am urging the Commission to delay the effective date until the issue of misinformation from the UNS call center is resolved, which could readily occur by December 1 with a moderate commitment by UNS.

I do plan to be at the hearing tomorrow to provide this input in an abbreviated form and to respond to any questions.

Thank you as always for your consideration.

Tom Broderick

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October 17, 2005

Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Commissioner Kristin K. Mayes

RE: UNS Gas Request for Surcharge, October 18, 2005

Summary

Prices are likely to be very high after your deliberations tomorrow. The Unisource call center has provided misinformation on current prices, projected prices, budget billing, CARES, and conservation. While UNS has now acknowledged this and has said they have adjusted their training, they have declined to commit to standards for what their reps should say in response to questions on these key topics in a suddenly and dramatically higher price environment or to any deadline by which such standards would be in effect.

I urge the Commission to:

1. Conduct the deliberations on the surcharge to settle on the appropriate value to approve
2. Hold the effective date until UNS has agreed to standards for responses to these areas, has completed the training and has communicated the importance to the reps, has established a specific process for monitoring responses to ensure they are conforming with the standard, and Staff or a third party make a statistically significant series of test calls to ensure conformance after UNS indicates its training is complete.
3. A provision for ongoing Staff monitoring of conformance, with warnings and eventually financial penalties for non-conformance.

There is precedent for the Commission taking this kind of action.

This action will also send a message to UNS and all regulated utilities in Arizona that the Commission expects and demands that call centers provide accurate and useful information, especially in the rapidly rising price environment. It sends a message that when statements are made to the Commission, in this case in March that the training for the call center was adequate in response to Commissioner Mayes concerns about information from the call center, that those statements be accurate. It sends a message to consumers that while the Commission may be unable to protect customers from high energy prices that occur nationwide, they most certainly will demand that the utilities perform in the areas over which they and the Commission have control, in this case, communications generally and from the call center particularly. To do nothing with the knowledge available is to send the opposite messages, which is completely inconsistent with the character and reputation this Commission has established with its hard work over the recent years.

Dear Commissioners:

You have a difficult decision tomorrow to balance the competing facts of market natural gas prices and customer impact. The company's request means another winter of record prices, 30% higher than the previous record price two years ago, and up over 80% in three years. I expect that however you balance these considerations, prices next year will be painful for consumers, the Commission and Unisource (UNS).

You may recall that I filed a complaint on July 1 regarding various communications and information provided to customers by UNS. My particularly urgent concern in that complaint at this point is the misinformation provided from the call center at UNS. The relevance of that to this proceeding is that when prices rocket up as they have in two of the last three years, the call center becomes a primary information source as shocked, angry and, in some cases, desperate customers call the 800 number on the bill to find out if the bill could possibly be correct and what they can do about it. These customers will disproportionately be lower-income since communications about higher prices do not reach them as well as other income classes and the financial impact on them is more severe. Furthermore, time is running out for the call center to become prepared, since furnaces are running in northern Arizona and there is ice on the ground at dawn as of last week.

The kinds of questions and discussion that will take place on many of these calls will revolve around the current prices, projected prices, conservation (how to reduce usage and therefore bills), and company programs like Budget Billing and CARES (the low-income discount program). I had made three calls prior to my complaint and four additional calls since for a total of seven, in March, June, July, September and October. With one exception (discussed later), there were multiple important misstatements among these five important topics on each of six of the calls, including in October after additional training was reportedly completed. Among the statements made were:

Current pricing:

Base cost of gas is 7 (not 70) cents per therm; cannot explain billing components but definitions are on the bill, grossly misstated a value for a component by a factor of 9.

Projected pricing this year over last year:

Prices will stay the same as far as we know, they have not told us anything, the last increase was in August, 2003, I do not know. (Most of these statement occurred after I had received the June pricing projection bill insert from UNS)

Budget billing:

A different process than the tariff was used in the three calls until July, producing a budget amount 2-3 times what the tariff would provide. It easily could have been 5-6 times if my annual usage were more typical of houses my size in Flagstaff. One call

indicated a requirement that there be history at the address, which violates specific language in the tariff.

CARES:

Most of the calls had the wrong income requirement for CARES. One call said there was a senior discount, which does not exist.

Conservation:

One call said there was nothing you could do to save gas. Other calls referred me to the website, declining to provide any specifics when asked, with one call mentioning weatherstripping.

If this matter continues on to the formal complaint process, which I expect this week, the tapes of these calls will confirm the statements here and in my original complaint. As of last week, no one but UNS and their attorneys had access to the tapes. If the tapes refuted my statements, it is reasonable to believe they would have been in the hands of Staff within days of my complaint. I took considerable effort to accurately and without embellishment report the call content.

Some correct information was also provided on all calls and all representatives were businesslike and between courteous and friendly in their manner.

The initial response from UNS in July to my complaint relative to the call center described my statements as "baseless", "impossible to verify", "unfounded", and "without merit", and no direct contact between UNS and me was made until about 40 days ago, at the Natural Gas Forum on September 8. Since that time there have been a couple of substantive and productive exchanges. In part, I attribute that to the UNS review of the tapes that are made of all call center calls (a fact I did not know until UNS revealed it to the Staff mediator). UNS has indicated agreement that misstatements were made, that some responses should be more helpful (particularly on conservation), and that these areas are receiving additional attention in training.

What is standing between a resolution of this part of my complaint is that, in lieu of the Commission prescribing a training program as I asked in my complaint, I asked that UNS voluntarily agree to establish standards for what should be said on these five important topics and agree to set a prompt deadline by which all the representatives that handle gas calls would be trained on these responses. I expect that 6-8 reps trained for 4 hours each day would get the 30-40 reps trained in a week, without an undue burden on the call center operation. The content of the standards I proposed is shown in Exhibit 1 (It is copied exactly from my comments to UNS). I believe there is nothing controversial in this content and it represents a reasonable minimum that should be expected from call center reps and is appropriate to communicate with customers. In fact, on one October

call, a rep gave an answer on conservation measures that clearly met the standard I suggested, indicating that it is clearly possible.

UNS has expressed an unwillingness to commit to the content or a deadline. In view of the misinformation provided over a six month period, and as recently as this month, I suggest that the alternative is not producing satisfactory performance by any objective standard. Citizens elected to provide a full week of training in preparation for what we considered the high priced winters of 2000-2001 and 2001-2002 (the highest price then was \$.78/therm). The reps and supervisors were provided with very specific responses to questions in there areas, even though many of them had 10, 20, or more years of experience. The outcome was that there was consistency and accuracy of responses throughout that period. No less a standard is needed now, as prices may be 60-70% higher and as a much less experienced staff will be providing the responses.

In consideration of the above, I urge the Commission to:

1. Conduct the deliberations on the surcharge to settle on the appropriate value to approve
2. Hold the effective date until UNS has agreed to standards for responses to these areas, has completed the training and has communicated the importance to the reps, has established a specific process for monitoring responses to ensure they are conforming with the standard, and Staff or a third party make a series of test calls to ensure conformance after UNS indicates its training is complete.
3. A provision for ongoing Staff monitoring of conformance, with warnings and eventually financial penalties for non-conformance.

All of this is readily doable before the November Open Meeting, with a UNS commitment, allowing a December 1 start to the surcharge.

There is precedent for the Commission taking this kind of action. Eighteen months ago, the Commission found that the UNS communication of the rate and price increase did not meet the intent of the July, 2003 order approving the sale and rate increase. It then ordered a very specifically defined communication program, with dramatically improved results the following year.

While that action was unfortunately reactive, the Commission in this instance has the opportunity to act to prevent the problems that might be caused by call center misinformation, since Commissioner Mayes brought this up in March and my complaint highlighted it again in July, before the flood of calls that will occur this winter. This knowledge is also a greater compulsion to action. Imagine standing in front of the same people in Prescott this winter, explaining another price increase and another communication deficiency, while having awareness of the problem months before winter and months before approving higher prices.

This action will also send a message to UNS and all regulated utilities in Arizona that the Commission expects and demands that call centers provide accurate and useful

information, especially in the rapidly rising price environment. It sends a message that when statements are made to the Commission, in this case in March that the training for the call center was adequate in response to Commissioner Mayes concerns about information from the call center, that those statements be accurate. It sends a message to consumers that while the Commission may be unable to protect customers from high energy prices that occur nationwide, they most certainly will demand that the utilities perform in the areas over which they and the Commission have control, in this case, communications generally and from the call center particularly. To do nothing with the knowledge available is to send the opposite messages, which is completely inconsistent with the character and reputation this Commission has established with its hard work over the recent years.

4. Exhibit 1

Excerpt from 9/22/05 Broderick statement on settlement of complaint relative to call center information

Call Center information

UES will ensure that the content of responses on these topics at the call center is:

Current price:

Correctly describe the numerical value of the three elements of per therm price

Mention \$7 monthly Customer charge

Correctly be able to describe what the three elements of therm price are, which ones change, which do not, what affects them (like market prices for gas), which require approval, which are gas cost only, which include margin

Projected pricing:

Know what the prices are that have been or will be within a month communicated to customers or media

Know what prices or % increase or decrease have been filed for and when ACC will rule on them.

Budget billing:

Computation complies with tariff, specifically: uses projected pricing, uses remaining months in plan year, does not require history.

Flagstaff billing team and call center using identical process

CARES:

Change income limits as soon as they are available from Federal govt

Know discount, how they are applied, over what months

Conservation:

Provide information when asked, in addition to referral to website

Concentrate on 5-6 most effective measures to provide to customers. These are:

thermostat setback, thermostat setting during occupied period, seal leaks through walls and ducts, adding layer to single pane windows, adding attic insulation when below R-30 or 9 inches, reducing hot water use by shortening showers, doing cold water laundry, and doing full dishwasher loads.

Specify a date when all reps will have been trained and tested to ensure they know this material

Specify ongoing monitoring to ensure this information is maintained

Specify how any future calls with incorrect information after the above date should be handled.